

EXAMINATION DESCRIPTION

RE 425 (Rev. 5/03)

The following description represents the subject matter of the California real estate salesperson and real estate broker license examination. This description contains seven major areas of real estate subject matter: 1) Property Ownership and Land Use Controls and Regulations, 2) Laws of Agency, 3) Valuation and Market Analysis, 4) Financing, 5) Transfer of Property, 6) Practice of Real Estate and Mandated Disclosures, and 7) Contracts. Each area's subtopics are for informational purposes and should not be considered totally comprehensive.

When changes in the law occur or changes in the practice of real estate take place, new subject matter is added to one or more of the seven major areas. Thus, the areas are revised and brought up to date on a regular basis. There is no assurance that a specific test will cover all subject matter listed, because the test merely samples the broad field of real estate.

Area 1 — Property Ownership and Land Use Controls and Regulations*Approximately 18% of sales exam & 15% of broker exam*

- Classes of property
- Property characteristics
- Encumbrances
- Types of ownership
- Descriptions of property
- Government rights in land
- Public controls
- Environmental hazards and regulations
- Private controls
- Water rights
- Special categories of land

Area 2 — Laws of Agency*Approximately 12% of sales exam & 12% of broker exam*

- Law, definition and nature of agency relationships, types of agencies, and agents
- Creation of agency and agency agreements
- Responsibilities of agent to seller/buyer as principal
- Disclosure of agency
- Disclosure of acting as principal or other interest
- Termination of agency
- Commission and fees

Area 3 — Valuation and Market Analysis*Approximately 12% of sales exam & 11% of broker exam*

- Value
- Methods of estimating value

Area 4 — Financing*Approximately 13% of sales exam & 13% of broker exam*

- General concepts
- Types of loans
- Sources of financing
- How to deal with lenders
- Government programs
- Mortgages/deeds of trust/notes
- Financing/credit laws
- Loan brokerage

Area 5 — Transfer of Property*Approximately 9% of sales exam & 10% of broker exam*

- Title insurance
- Deeds
- Escrow
- Reports
- Tax aspects
- Special processes

Area 6 — Practice of Real Estate and Mandated Disclosures*Approximately 24% of sales exam & 27% of broker exam*

- Trust account management
- Fair housing laws
- Truth in advertising
- Record keeping requirements
- Agent supervision
- Permitted activities of unlicensed sales assistants
- DRE jurisdiction and disciplinary actions
- Licensing, continuing education requirements and procedures
- California Real Estate Recovery Fund
- General ethics
- Technology
- Property management/landlord-tenant rights
- Commercial/industrial/income properties
- Specialty areas
- Transfer disclosure statement
- Natural hazard disclosure statements
- Material facts affecting property value
- Need for inspection and obtaining/verifying information

Area 7 — Contracts*Approximately 12% of sales exam & 12% of broker exam*

- General
- Listing agreements
- Buyer broker agreements
- Offers/purchase contracts
- Counteroffers/multiple counteroffers
- Leases
- Agreements
- Promissory notes/securities